

## 2004 Summary of Market Survey

The market survey showed the following with respect to FAA base salaries relative to the market base salaries.

1. The total of all Core and FG base salaries lead the market by 11.4%, an increase over the prior year's assessment at 8.2% ahead of the market.
2. The Core population leads the market slightly more than non-core (FG), at 11.9% and 9.9%, respectively. Given the extent of the lead, these differences are not significant.
3. The Core bargaining unit positions continue to have a competitive lead over Core non-bargaining unit positions, at 13.1% to 9.7%.
4. The Core non-bargaining unit managerial positions have a significant lead over non-manager employee positions, at 17.0% to 6.5%.

Current base pay competitiveness more than offsets the absence of structured cash pay incentive programs for FAA positions.

5. Overall, total cash pay still leads by 9.7%, an increase over past years. This increase is likely due in part to continued low payouts of competitive cash pay incentive plans, combined with the increased base pay competitiveness.
6. The patterns of base pay competitiveness are generally repeated on a total cash pay basis.

## Labor Markets and Sources of Competitive Data

The following table lists the survey sources used for the competitive analysis of compensation.

Survey Sources	Labor Markets	Peer Group Companies
SIRS Benchmark Salary Survey	FAA Custom Peer Group Of Firms	2004 Peer Group, representing the aerospace, airlines, and aircraft and general manufacturing industries. <div><div>7. Abbott Laboratories</div><div>8. American Airlines</div><div>9. Baxter Healthcare Corp.</div><div>10. Boeing Commercial Airline Grp</div><div>11. Boeing Company</div><div>12. Bombardier</div><div>13. LearJet</div><div>14. Cessna Aircraft Company</div><div>15. Delta Airlines, Inc.</div><div>16. DHL Express</div></div> <div><div>17. FedEx Express Corporation</div><div>18. Harris Corporation</div><div>19. Hoffman-La Roche</div><div>20. Lockheed Martin Corporate</div><div>21. Merck &amp; Company</div><div>22. Northrop Grumman Corporation</div><div>23. Northrop Grumman Electronic Systems</div><div>24. Northrop Grumman Space Technology</div></div> <div><div>25. Northwest Airlines</div><div>26. Pfizer</div><div>27. RAND</div><div>28. Raytheon Space &amp; Airborne Systems</div><div>29. Siemens Corporation</div><div>30. Southwest Airlines Company</div><div>31. US Airways</div><div>32. United Airlines</div></div>
	Electronic/ Aerospace Industry	A variety of firms representing the broader electronic/aerospace industry.
	Cross Industry	Over 600 firms representing a broad range of industries including electronics and aerospace, biotechnology, chemical, consumer products, energy, financial services, healthcare, medical devices, pharmaceutical, and telecommunications.
Watson Wyatt Data Services:  33. Middle Management 34. Office Personnel 35. Professional 36. Supervisory Management 37. Technician and Skilled Trades	Cross Industry	A collection of salary surveys representing thousands of firms in hundreds of industry classifications.

## Summary of Competitive Position

The FAA's competitive position relative to market base salaries and total cash pay is provided in the following table.

Grouping	Total Headcount	Competitive Pay Position	
		Base Salary vs. Market Base Salary	Base Salary vs. Market Total Cash Pay
<b>All Core and FG Employees</b>	<b>28,677</b>	<b>11.4%</b>	<b>9.7%</b>
All FG	9,115	9.9%	8.2%
All Core	19,562	11.9%	10.2%
Core Non-Bargaining Unit	7,440	9.7%	7.3%
Employees	4,305	6.5%	4.4%
Managers	3,135	17.0%	14.1%
Core Bargaining Unit	12,122	13.1%	11.8%

The market survey covers 67% of the Core and FG population. Of the Core population, 75% of the employees were matched to benchmarks for which data was reported. Fifty percent of FG employees were matched to benchmarks for which data was reported. These percentages are consistent with industry norms for population matching.

Four key factors have likely contributed to the increase in relative pay competitiveness since the previous market survey:

1. The FAA has continued to have pay increases, including increases for those employees whose pay is grandfathered above their band maximum.
2. Benchmark comparisons have been updated to reflect current FAA and market job content most accurately.
3. The rate of pay increases in the market, where given, has remained low, at about 3.5 – 4.0%.
4. The aerospace and airlines industries have continued to face challenges, and several have implemented base pay reductions.